

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-61-E – ORDER NO. 2003-136
MARCH 12, 2003

IN RE: Application of South Carolina Electric & Gas)	ORDER
Company for Authority to Issue a Promissory)	AUTHORIZING
Note Pursuant to its Agreement with the)	ISSUANCE OF A
South Carolina Transportation Infrastructure Bank)	PROMISSORY NOTE

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of an Application, dated February 26, 2003, and filed on February 26, 2003, by South Carolina Electric & Gas Company (the “Company”), whereby the Company seeks authorization pursuant to §58-27-1710, S.C. Code of Laws (1976) of a transaction to obtain financing for improvements to the Saluda Dam in Lexington County. According to its Application, the Company proposes to issue a promissory note in an amount not to exceed \$59,000,000 (the “Promissory Note”) to the South Carolina Transportation Infrastructure Bank (the “Bank”) to obtain financing in that amount for the Company’s investment in the remediation work at the Saluda Dam.

As set forth in the Application, the Federal Energy Regulatory Commission is requiring SCE&G to undertake significant remediation work to strengthen the Saluda Dam against the possibility of a future earthquake similar to that which struck the City of Charleston in 1886. This remediation project (the “Dam Project”) will also create the opportunity for the South Carolina Department of Transportation to expand and improve combined South Carolina Routes 6 and 60 where they cross Lake Murray at the Saluda Dam.

In recognition of the important public benefits to transportation from the Dam Project, the Bank has agreed to finance SCE&G's share of the Dam Project (\$59 million) through interest-free borrowing with a term of ten (10) years. The financing will take place under the terms of an Agreement Concerning Modification of the Saluda River Dam at Lake Murray, Lexington County, South Carolina for Highway Improvements, entered into by and between South Carolina Electric & Gas Company and the South Carolina Department of Transportation and the South Carolina Transportation Infrastructure Bank, dated February 15, 2002, (the "Agreement"). A copy of the Agreement was attached to the Application and is part of the record in this proceeding.

The borrowing contemplated under the Agreement would be evidenced by a Promissory Note, in an amount not to exceed \$59 million. An unexecuted copy of the Promissory Note is attached as an exhibit to the Agreement.

Upon full investigation and review of the Company's verified Application and the facts set forth there, the Commission finds that the purpose of the proposed issuance is proper, that the property and services to be acquired with this financing are investments required to be made by the Federal Energy Regulatory Commission and that the amount of the issue matches the cost and value of the work to be performed and so is reasonably necessary to accomplish the purpose for which the issuance is to be made. Consequently, the Commission finds that the relief sought in the Company's Application should be granted.

IT IS THEREFORE ORDERED:

1. That the South Carolina Electric & Gas Company is authorized to issue the Promissory Note described above to the South Carolina Transportation Infrastructure Bank and

to borrow funds under that note in an amount not to exceed Fifty-Nine Million and 00\100 dollars (\$59,000,000.00).

2. That this Order shall not in any way affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law, nor shall this Order dictate the ratemaking treatment of this transaction by the Commission; and

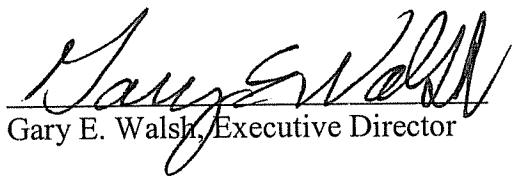
3. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn, Chairman

ATTEST:


Gary E. Walsh, Executive Director

(SEAL)